

World Hunger

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Following is a statement by Michael Calingaert, Deputy Assistant Secretary for International Resources and Food Policy, before the House Agriculture Committee on July 22, 1981.

I am pleased to appear before the House Agriculture Committee to discuss issues relating to world hunger. I plan to discuss the dimensions of the hunger problem; foreign policy objectives in U.S. food aid and agricultural development assistance programs; U.S. interest in world food security; and the manner in which the United States provides food aid and agricultural assistance. As you will note from my presentation, we consider food aid and food security to be important elements in the implementation and support of overall U.S. foreign policy, and our activities in these areas fully reflect this importance.

Dimensions of the Problem

This committee is keenly aware of the current state of world hunger. It knows that almost half a billion people now suffer from hunger or malnutrition, with children under 5 making up over half of the malnourished population. Studies by the World Bank have projected that the number of malnourished people in the developing countries could more than double from 400-600 million in the mid-1970s to a billion by the year 2000.

The demand for food will continue to increase as the number of people grows, adding to the increased food demand resulting from rising incomes in parts of

the developing world. In fact, the increase in the supply of food has not kept pace with the increase in food demand. While food production rose 2.5% annually from 1950 to 1975, demand for food actually increased over 3% annually.

The problem of world hunger has several dimensions. Natural or manmade disasters can place normally self-sufficient peoples in urgent need of emergency food aid. Other countries suffer from chronic food deficits, exacerbated by a shortage of foreign exchange to meet their needs through commercial imports and by inadequate or inappropriate agricultural policies and programs. And finally, all countries, producer and consumer alike, must consider the need to insure food security in the face of world harvest shortfalls.

The United States is in a unique position to address the problem of world hunger. With our reliance on the marketplace, we harvest more than half of all exported grain, and our grain reserves are the largest on Earth. Our bountiful supply is matched by our expertise in food technology and marketing. Added to this is the somewhat less tangible element: the fact that we care.

Foreign Policy Objectives

The United States has several objectives in extending food aid and agricultural development assistance to countries which require such help. These include foreign policy, agricultural export-market development, and international economic development.

Making food available to food-deficit developing countries has often been a positive force for economic growth and political stability in foreign countries. In fact, food aid and agricultural development assistance have often acted as catalysts for the strong bilateral relationships that we have formed with many of these nations. Supplying food aid to needy countries also adds to U.S. strength domestically. As we provide food aid to poor countries, we add to our farm prosperity and stability while building markets for the future. Similarly, with agriculture as the largest employer in most developing countries, agricultural development often becomes the foundation for economic growth. This growth also builds markets in the developing countries and stimulates U.S. exports of agricultural and industrial output.

U.S. Interest in World Food Security

In recent years, the issue of world food security, the assurance of regular and adequate food supplies for the world's population, has dominated North-South discussions of food issues in international fora. The United States has participated actively in these discussions, because we have a strong interest in seeing that world food security is achieved. Severe shortages could have a significant effect on both our domestic economy and our international relations.

- First of all, a global food crisis could have disastrous political and economic effects on low-income food-deficit countries, where adequate food supplies and reasonable prices often equate with stability. Large scale civil unrest could threaten regimes friendly to the U.S. Government.

- Second, exceptional demand for U.S. grain by middle-income countries suffering severe shortages could drastically raise U.S. domestic food prices and thus create pressure for export controls.

- Finally, a U.S. grains shortage, alone or together with shortfalls in other countries, could put pressure on us to make painful choices as to where our limited food resources go, which cannot but impact on our international relationships.

These fears came closest to reality in 1973-74 when the world suffered from alarming low harvests in the face of increasing demand. Generally speaking, the world food security situation has improved significantly since then.

By the end of the 1981-82 crop year next June, carryover grain reserves are expected to total 189 million tons, a comfortable level. Some developing nations whose predominant characteristic once was dependence on external supplies of food—e.g., India, Bangladesh—have made good progress in their ability to produce food and maintain stocks.

While we support multilateral assistance and welcome further cooperation among developed and developing countries, we believe a solution to the food problem lies first and foremost with individual governments. Each government must increase food self-reliance by adopting appropriate and, preferably, market-oriented domestic policies—e.g., price incentives for production and increases in investment in the agricultural sectors, including in agricultural infrastructure, in order to store and distribute food more efficiently.

One of the more useful tools to encourage efficient food production in the developing countries is the concept of the food sector strategy promoted by the World Food Council in 1979. These strategies propose specific measures to attain food objectives within a country's overall development plan. They attempt to combine in a coherent framework food consumption and nutrition measures, food production efforts, a more equitable food distribution system, and food security infrastructure. Bilateral donors provide external assistance for the development of food strategies. Currently the Agency for International Development is providing technical assistance for the design of such strategies in some of the poorest countries in Africa.

The United States has set a positive example in the long and continuing search for world food security. U.S. agricultural policies emphasize production for export, and our open market system provides full access to the foreign buyer. Further, the United States is unique in having developed reserve policies designed to meet domestic as well as international needs.

But the world can know no true food security by relying solely upon the United States as the only nation holding reserves. Other nations must also do their share. To enhance world food security, the international community has been working to formulate a new wheat trade convention. A new agree-

ment would reallocate the cost of holding reserves, presently borne by the United States, among all nations able to bear the cost. We maintain that other exporters and major importers, in particular, should be encouraged to establish national reserves to help insure food supplies.

Although negotiations within the International Wheat Council have continued, the lack of a new wheat trade convention remains an unfinished piece of business. Although the United States questions the most recent proposal before the Council, it would consider the merits of other proposals based on market-oriented reserve systems. Other nations should begin to establish their own reserves while the search for a new agreement continues, instead of waiting for a new wheat trade convention to be concluded.

In addition, developing countries can contribute to enhanced food security, to the extent possible, by establishing reserves and related infrastructure to facilitate both the storage and distribution of food supplies. To that end, the developing countries should take advantage of the World Bank's new lending program for food storage and distribution facilities. Bilateral donors should also assist food-deficit developing countries in establishing their own reserves.

Providing Assistance

Food aid and agricultural development receive high priority from the U.S. Government. We provide such economic assistance through both bilateral and multilateral channels.

Multilateral Assistance. The bulk of U.S. multilateral assistance is channeled through the multilateral development banks (MDBs), such as the World Bank and the various regional banks. Agriculture is the largest single sector in MDB lending programs. During FY 1980, the United States contributed \$2.2 billion (including callable capital) to the MDBs. In FY 1980, MDB lending for agriculture totaled \$4.6 billion, 28% of total MDB lending.

Besides MDBs, the United States channels multilateral assistance through several international organizations. Briefly, the U.S. Government supplies 25% of the regular program budget of the Food and Agriculture Organization of the United Nations (FAO). The FAO is devoted to improving agricultural programs in developing countries. The U.S.

Government has also pledged \$220 million for the 1981-82 biennium out of a total pledge target of \$1 billion to the World Food Program (WFP), which administers food for work programs, mother and child feeding centers, and emergency relief activities. The U.S. contribution covers both commodities and ocean freight funded through Title II of PL 480 and cash under the Department of State's budget for international organizations. In addition, the WFP administers the International Emergency Food Reserve. Since 1978 the U.S. Government has made an annual pledge of 125,000 metric tons of food aid to the 500,000-metric-ton reserve.

The United States played a key role in the decision to increase food aid pledges under the Food Aid Convention of the International Wheat Agreement, from the original 4.2 million metric tons per year to the present 7.6 million metric tons annually. The United States, as the largest food aid donor, pledged 4.47 million metric tons for the 1980-81 crop year. This obligation will be met through shipments under both Titles I and II of PL 480. Last, but not least, Congress recently passed the Food Security Wheat Reserve Act, which guarantees that the United States will be able to honor its food aid commitment even in situations of tight supply.

Bilateral Assistance. Half our bilateral assistance is devoted to agricultural development programs in poor countries. We believe that this bilateral assistance provides the most visible and tangible evidence of America's efforts at alleviating world hunger. Since the passage of Public Law 480 in 1954, the United States has earned a place in history as it has undertaken the world's greatest institutionalized effort by one nation to help nourish the world's poor. In our current effort to

encourage other nations to join in helping eliminate world hunger, we can point with pride to our own record of contributions and activity in this area. Our PL 480 program will provide in excess of \$1.7 billion in food aid to needy people in about 80 countries this fiscal year. PL 480 shipments to Africa alone equaled \$170 million in FY 1979, \$271 million in FY 1980, and should amount to some \$303 million in FY 1981.

PL 480 can and does play a major role in our overall foreign policy, a role which we expect will increase in the 1980s. Highly prized by recipient countries for its balance-of-payment, humanitarian, and development impact, PL 480 has proved its continued effectiveness in market development, has played a key role in enhancing bilateral relationships, and has contributed significantly to economic and political stability in the Middle East, Central America, South Asia, and Africa. We also recognize that the secret of PL 480's longevity, in particular, lies in the several interests it serves as well as its ability to shift emphasis over the years while maintaining a balance among its various objectives. While we favor a continuation of this balance, we believe it is important to recognize that those allocations, inspired principally by foreign policy considerations, contribute significantly to our national interest. Such allocation decisions conform with Foreign Assistance Act of 1961, as amended, which charges the Secretary of State with insuring that U.S. food and agricultural policies effectively serve the foreign policy and economic interests of the United States.

Finally, the critical flexibility of the program, which allows an early response to urgent national objectives as they arise, should be noted. The quick disbursing nature of PL 480 Title I

assistance, for example, and the established channels for distributing life-sustaining rations of grant food aid under Title II are even now helping stave off the threat of famine in eastern Africa and Morocco. In Jamaica, El Salvador, Kenya, and Liberia, we not only have met urgent food needs and spurred market development of U.S. agricultural products with our FY 1981 Title I allocations but have promoted internal political and economic stability as well.

During recent discussions of PL 480 in several congressional committees, suggestions were made for changes in the law and in the direction PL 480 might proceed. We have supported an interagency policy review of all aspects of this program in order to give the most careful consideration to the ways in which PL 480 can be improved in responding to congressional concerns. This study is now underway. We are grateful for the patience of the Congress in minimizing the amendments proposed for PL 480 prior to the conclusion of the study. In this regard, I would like to take this opportunity to express the Administration's opposition to an amendment limiting to a fixed percentage of overall PL 480 resources the amount that could go to any individual country. The provision would only apply currently to Egypt and would thus appear designed to discriminate against that country at a delicate moment in the Middle East peace process. ■

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